

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Robert Watrous is a member of the California Board of Registered Nursing for the Department of Consumer Affairs (the “Department”). He assumed office on August 1, 2001. As a member of the California Board of Registered Nursing, Respondent is a designated employee of the Department, as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”),<sup>1</sup> and in the Department’s conflict of interest code.

Under the Act and the Department’s conflict of interest code, each designated employee of the Department is required to file a statement of economic interests within 30 days of assuming office. On the statement of economic interests, the designated employee must disclose the reportable economic interests that he or she held during the 12 months prior to the date of assuming office. Additionally, each designated employee is required to file an annual statement of economic interests by April 1<sup>st</sup> of each year (unless April 1<sup>st</sup> falls on a Saturday, Sunday, or official holiday, in which case the filing deadline is extended to the next regular business day).<sup>2</sup> On the statement of economic interests, the designated employee must disclose his or her reportable economic interests held during the preceding calendar year.

In this matter, Respondent failed to timely file an assuming office statement of economic interests, by the August 31, 2001 due date, and he failed to timely file a 2001 annual statement of economic interests, by the April 2, 2002 due date.

For the purposes of this Stipulation, Respondent’s violations are stated as follows:

- Count 1      As a designated employee of the California Department of Consumer Affairs, Respondent Robert Watrous failed to timely file an assuming office statement of economic interests, by August 31, 2001, in violation of section 87300 of the Government Code.
  
- Count 2      As a designated employee of the California Department of Consumer Affairs, Respondent Robert Watrous failed to timely file a 2001 annual statement of economic interests, by April 2, 2002, in violation of section 87300 of the Government Code.

### **SUMMARY OF THE LAW**

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

<sup>2</sup> Regulation 18116.

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency's conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests, disclosing their reportable investments, business positions, interests in real property, and other income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the persons who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the person's economic interests.

Section 87302, subdivision (b) provides that an agency's conflict of interest code must require each new designated employee to file a statement of economic interests within 30 days of assuming office, disclosing investments, business positions, and interests in real property held on, and income received during the 12 months before, the date of assuming office. This subdivision also provides that an agency's conflict of interest code must require each designated employee to file an annual statement of economic interests, for each year that the employee remains in office, at a time specified in the agency's conflict of interest code, disclosing his or her reportable economic interests held during the preceding calendar year.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

## **SUMMARY OF THE FACTS**

### **Count 1**

#### **Failure to File an Assuming Office Statement of Economic Interests**

Respondent Robert Watrous assumed office as a member of the California Board of Registered Nursing on August 1, 2001. As a member of the California Board of Registered Nursing, Respondent is a designated employee of the Department, as defined in Section 82019, subdivision (c), and in the conflict of interest code for the Department.

Under the Department's conflict of interest code, Respondent was required to file an assuming office statement of economic interests within thirty days of assuming office as a member of the California Board of Registered Nursing. As such, Respondent was required to file his assuming office statement by August 31, 2001.

Respondent failed to file an assuming office statement of economic interests by the August 31, 2002 due date, in violation of Section 87300.

On September 7, 2001, Elaine Chow, the Conflict of Interest Coordinator for the Department, sent a letter to Respondent, reminding him of his obligation to file an assuming office statement of economic interests, and asking him to file the statement within 30 days. When she did not receive a

response to her letter, Ms. Chow referred the matter to the FPPC.

On November 5, 2001, Emily Bowden of the SEI Unit of the FPPC sent a letter to Respondent, stating that his assuming office statement was past due, and asking that it be filed within 30 days. On January 7, 2002, after receiving no reply from Respondent, Ms. Bowden sent a second letter to Respondent, stating that his assuming office statement of economic interests had not been received, and urging Respondent to file the statement within ten days. When the statement was not filed in response to Ms. Bowden's letters, the matter was referred to the Enforcement Division of the FPPC.

On August 22, 2002, Mary Ann Kvasager, the SEI Coordinator for the Enforcement Division, contacted Respondent by telephone. During that conversation, Ms. Kvasager advised Respondent that his assuming office statement of economic interests was past due, and instructed him to file the statement immediately.

Respondent filed his assuming office statement of economic interests on September 5, 2002.

## **Count 2**

### **Failure to File a 2001 Annual Statement of Economic Interests**

Respondent Robert Watrous has been a member of the California Board of Registered Nursing since August 2001, and, in that capacity, as noted in Count 1, is a designated employee of the Department.

The Department's conflict of interest code requires Respondent to file an annual statement of economic interests, for each year that he serves as a member of the California Board of Registered Nursing, by April 1<sup>st</sup> of the following year (unless April 1<sup>st</sup> falls on a Saturday, Sunday, or official holiday, in which case the filing deadline is extended to the next regular business day.) As such, Respondent was required to file his 2001 annual statement of economic interests by April 2, 2002.

Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date, in violation of Section 87300.

On July 23, 2002, Emily Bowden of the SEI Unit of the FPPC sent a letter to Respondent, advising him that his 2001 annual statement of economic interests was past due, and asking Respondent to file the statement within 30 days. When the statement was not filed in response to Ms. Bowden's letter, the matter was referred to the Enforcement Division of the FPPC.

On August 22, 2002, Mary Ann Kvasager, the SEI Coordinator for the Enforcement Division, contacted Respondent by telephone. During that conversation, Ms. Kvasager advised Respondent that his 2001 annual statement of economic interests was past due, and instructed him to file the statement immediately.

Respondent filed his 2001 annual statement of economic interests on September 5, 2002.

## **CONCLUSION**

This matter consists of two counts of violating Section 87300, which carry a maximum administrative penalty of Ten Thousand Dollars (\$10,000).

Because this case involves multiple violations, it was not resolved on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July 1999. However, the violations in this case are similar to those that are handled through the SEI Expedited Procedures, and under that program, the Commission has approved fines in the range of \$200-\$300 for cases in which a respondent files a delinquent statement of economic interests within 30 days of being contacted by the SEI Coordinator for the Enforcement Division. In this case, the Respondent filed his delinquent statements 14 days after being contacted by the Enforcement Division SEI Coordinator. Therefore, an administrative penalty for each violation in an amount that is equal to what is normally imposed under the SEI Expedited Procedures program is appropriate.

The facts of this case justify imposition of the agreed upon penalty of Two Hundred Dollars (\$200) for each violation, for a total administrative penalty of Four Hundred Dollars (\$400).